

Meeting	Management Board	Date	28/07/2014
Agenda item	9	Time	10 Minutes
Proactive publication	Yes	Internal publication	Yes
Title	<b>Finances</b>		
Presenter	Simon Entwisle		
ICO Plan aim	6. An efficient ICO well prepared for the future		
Information rights strategy aim	10. The public confident in information rights law as necessary, serving the public interest, effective in practice and properly enforced.		
Issue	<p>The finance report as of the end June (first quarter) is presented for information and discussion.</p> <p>Key headlines are:</p> <ul style="list-style-type: none"> <li>• YTD data protection fee income is £260k (7%) above the projected figure for the first three months. This is difficult to predict, however, we are currently expecting to deliver £16.5m for the year, £338k more than originally budgeted;</li> <li>• £0.9m grant-in-aid has been received to date and another £0.9m has been requested, (expected July14);</li> <li>• YTD payroll costs are £83k (3%) below budget due to vacancies and agency staff covering permanent roles during recruitment phases;</li> <li>• IS spend has now been allocated to projects. Initial predictions are showing a 10% underspend on the original budget (£20k revenue, £85k capital). This remains the area with the highest risk of a material over/under spend.</li> </ul>		

Decision	There is no decision required.
Financial impact	Not relevant.
Risks	Not relevant.

# JUNE 2014

---

## OVERVIEW & KEY ISSUES

Key headlines are:

- YTD data protection fee income is £260k (7%) above the projected figure for the first three months. This is notoriously difficult to predict however, we are currently expecting to deliver £16.5m for the year, £338k more than originally budgeted;
- £0.9m grant-in-aid has been received to date and another £0.9m has been requested, which we are expecting to receive in July14;
- YTD payroll costs are £83k (3%) below budget due to vacancies and agency staff covering permanent roles during recruitment phases;
- IS spend has now been allocated to projects. Initial predictions are showing a 10% underspend on the original budget (£20k revenue, £85k capital). This remains the area with the highest risk of a material over/under spend.

## 2014-15 BUDGET

The second 2014-15 budget version (BV2) has been communicated to the MOJ. ET have considered and approved the following adjustments:

- £338k increase in forecast fee income to approximately £16.5m, reflecting 2013/2014 ICE registrations plus 1%;
- £418k increase in payroll costs, the additional cost (ie beyond increases already anticipated in the original budget) of the proposed pay deal per the business case submitted to the MOJ;
- £67k increase in enforcement legal costs based on a revised estimate by Enforcement;
- £20k reduced IS revenue spend and £85k reduced capital spend following a reassessment of the proposed IT projects;
- £44k increase in estate costs to cover the Wycliffe House rates bill;
- £597k increase in non-cash depreciation re ICE amortisation.

Note that from July14, the forecast (BV2) reported against in the Management Accounts will reflect these adjustments.

## INCOME

### Grant-in-aid for freedom of information activities

The grant-in-aid available for drawdown over 2014-15 is £3.75m. This has been profiled as four quarterly tranches of £937.5k. The first tranche was drawn down and received in April14. We have applied for the second tranche and are expecting to receive it in July14.

### Data Protection fees processed

June 14 was a very good month for DP fee income with £1,432k being collected, £299k above expectations. Overall YTD fee income is now £260k (7%) above budget.

The budget figures currently do not include any increase in the original forecast fee income. In July 14, we will adjust the full year forecast, adding £338k to give a revised target of £16,527k. The revised DP fee income has been calculated from forecast information extracted from the ICE fee notification system plus 1%, and is in line with the actual fee income collected in 2013-14.

£000	Budget	Actual	Variance
2014 April	1,273	1,281	+8
2014 May	1,327	1,280	-47
<b>2014 June</b>	<b>1,133</b>	<b>1,432</b>	<b>+299</b>
Year to date	3,733	3,993	+260

The fee income receipt mix is:

£000	Cheque	BACS	Direct Debit	Credit Cards	Refund
2014 April	322(25%)	55(4%)	583(46%)	325(25%)	(4)0%
2014 May	316(25%)	65(5%)	556(43%)	345(27%)	(2)0%
<b>2014 June</b>	<b>404(28%)</b>	<b>78(5%)</b>	<b>597(42%)</b>	<b>359(25%)</b>	<b>(4)0%</b>
Year to date	1,042(26%)	198(5%)	1,736(43%)	1,029(26%)	(10)0%

## EXPENDITURE

### **Spending controls**

The ICO is complying with the Cabinet Office Spending Controls Guidance v 3.1

<https://www.gov.uk/government/publications/cabinet-office-controls-guidance-version-3-1>

We are also required to obtain specific MOJ approval for any IT or communications spend over £50k for individual projects. We have received approval from the MOJ for the 2014-15 IS budget. We will thus only be required to report spend over £50k not included in the original budget. No such spend has occurred to date.

### **Total staff costs**

Staffing levels/FTE	Payroll	Agency	Total	Complement	Vacant Posts
2014 April	353.5	16.0	369.5	383.0	(13.5)
2014 May	353.4	16.6	370.0	383.0	(13.0)
<b>2014 June</b>	354.2	14.6	368.8	383.0	(14.2)
Average	353.7	15.7	369.4	383.0	(13.6)

Staff costs to date are £83k better than budget as we continue to operate with vacancies and agency workers whilst recruitment for permanent roles is underway. We have calculated the full year savings to be approx. £300k.

We have not included these savings in BV2 as we are proposing to employ much needed additional DP case officers and enforcement staff, not included in the original budget.

### **Total estate costs**

The rates bills for 2014-15 for Wilmslow and Belfast are £44k higher than provided for in the budget. The budget was set prior to Cheshire East partially reversing the original rates reduction. Altus is currently contesting Cheshire East's decision on behalf of the ICO. We expect further news on this by the end of July.

Property licences are £17k behind budget as we have not yet received the first quarter recharge invoices per the MOTO agreements for Wales, Scotland and London.

£11k has been paid for insurance at Wycliffe House. We did not budget for this insurance as we had previously considered that the ICO operated

as part of the Crown Estate and thus was self-insuring. This area is being discussed with the MOJ to clarify the ICO position.

### **IS and telecommunications**

IS projects are at early stages thus IS costs to date largely relate to contracted services, business as usual.

IS spend has now been allocated to projects and a process has been implemented to record progress against each project on a monthly basis. We are now predicting a 10% underspend (£20k revenue, £85k capital) which will be adjusted for next month in the forecast (BV2). Detailed project costings will be determined and agreed by the IT steering committee over the next few months to provide a more accurate projection of total 2014-15 IS spend.

Telephony and notification printing/postage are in line with expectations.

**Note: IT expenditure remains the area where there is the highest risk of a departure from budget. We have taken steps to tighten up the processes for monitoring this budget and more work is underway.**

### **Banking and finance costs**

Bank charges for 2014-15 have been negotiated and agreed at £40k for the year, saving £14k (26%). £10k has been accrued to date in the accounts, although RBS are yet to deduct.

### **Staff travel and other costs**

Staff travel and other costs are as expected. £18k IS recruitment costs will be recorded in July14.

### **Printing, postage and office stationery**

Spend on printing, postage and stationery is running slightly behind budget with £19k savings to date.

### **Other expenditure**

Communications spend overall is £31k above budget. The budget has been spread fairly evenly over the year yet a high level of activity has taken place in the first quarter, particularly re campaigns and media monitoring.

Legal costs to date are running £23k under budget and DP policy research £12k under.

All other expenditure is in line with expectations.

## **CAPITAL EXPENDITURE**

IT projects planned to take place in 2014-15 have now been identified in detail. We are currently predicting a 10% (£85k) underspend. The 2014-15 capital budget will thus be revised to £765k in the forecast (BV2).

The process of determining detailed costings for each project along with the timescales as to when these projects will happen is underway, but not finalised and will be worked through in the next few months. We will then be able to track the projects as they progress against a detailed monthly budget.

The non-cash depreciation in the original budget has been calculated without the amortisation for the new fee notification system (ICE), which is £50k per month. We will correct for this omission by increasing the forecast by £597k to £1,660k in BV2.

## **Civil Monetary Penalties**

The current status of uncollected CMPs is:

	<b>CMP</b>	<b>Due date</b>	<b>Status</b>
<b>ISSUED IN 2012-13</b>			
DM Design Ltd	£6,000 (remaining)	15Apr13	Paying £2k per week. Will be fully received in July14.
<b>ISSUED IN 2013-14</b>			
We Claim You Gain Ltd	£100,000	14Jul13	Company gone into administration, unsecured debt. Full impairment provision in 2013-14 Financial Statements.
Nationwide Energy Services Ltd	£125,000	14Jul13	Payment schedule agreed will be paid in full over 6mths commencing 30 Jun14. Nothing received to date.
<b>ISSUED IN 2014-15</b>			
Amber UPVC Fabrications Ltd	£50,000	1May14	Amber is to appeal to the Tribunal, seeking rescission of the notice or a reduction in the penalty

**Simon Entwisle, Deputy Chief Executive Officer**  
**July 2014**

MANAGEMENT REPORT: JUN 2014	ALLOCATION	BUDGET	BUDGET	BUDGET	BUDGET	ACTUAL
RESOURCE DEL	£000	Full Yr	DP	FOI	Year to date	Year to date
Payroll - gross		10,478,898			2,579,506	2,452,294
Payroll - NEBM		50,500			12,625	12,625
Payroll - overtime		80,000			11,244	7,328
Payroll - pensions		1,902,069			466,702	432,982
Payroll - ers nic		743,229			182,379	155,154
Agency staff		0			0	108,879
<b>A TOTAL STAFF COSTS</b>	<b>13,255</b>	<b>13,254,695</b>	<b>10,701,793</b>	<b>2,552,902</b>	<b>3,252,456</b>	<b>3,169,261</b>
Property rent		782,640			386,910	384,833
Property rates		190,000			190,000	234,049
Property licences		92,500			19,000	1,911
Fuel and utilities		82,500			21,000	16,926
Other property costs		131,153			26,000	28,166
<b>B TOTAL ESTATE COSTS</b>	<b>1,279</b>	<b>1,278,793</b>	<b>1,040,736</b>	<b>238,057</b>	<b>642,910</b>	<b>665,884</b>
Consultancy		0	-	-	0	5,908
- contracted Services		1,910,000			520,000	495,445
- GSI		145,000			0	538
- development		200,000			26,000	0
- online development		200,000			12,000	700
- telecoms		140,000			30,000	29,179
-notification printing and postage		145,000			40,000	33,258
IT and telecommunications		2,740,000	2,329,150	410,850	628,000	559,122
- bank charges		51,000			12,750	10,152
- card commissions		75,000			17,069	13,446
Banking and finance		126,000	126,000	0	29,819	23,598
- health and safety		25,000			7,000	5,956
- learning and development		125,000			40,000	36,583
- conference attendances		15,000			4,000	2,619
- staff recruitment costs		30,000			10,000	1,655
- HR support costs		55,000			14,000	16,065
- travel and subsistence UK		335,000			65,000	65,699
- travel and subsistence Overseas		40,000			6,000	2,757
- hospitality		0			0	381
Staff travel and other		625,000	540,197	84,803	146,000	131,715
- postage		65,000			17,000	13,805
- document destruction		10,000			2,450	1,669
- furniture and equipment		25,000			6,000	2,042
- general administration kitchen		50,000			12,000	9,296
- general administration other		15,000			3,750	593
- motor vehicle costs		2,000			0	0
- equipment repairs and maintenance		10,000			2,500	1,540
- stationery		40,000			9,000	5,199
Printing, postage and office expenditure		217,000	175,770	41,230	52,700	34,144
- communications		249,751			90,000	129,799
- communications research		50,000			12,000	3,000
- internal audit and corporate governance		50,000			12,000	10,590
- legal HR		35,000			9,000	6,519
- legal Policy FOI		158,000			39,000	30,302
- legal Enforcement DP		80,000			21,000	9,233
- specialist support forensics		40,000			9,000	115
- specialist support translations		5,000			1,300	129
- specialist support other		0			0	6,129
- Policy research DP		72,500			15,000	3,000
- NAO audit fee		30,000			0	0
- library and subscriptions legal		40,000			30,000	31,311
- library and subscriptions Wilmslow		15,000			3,750	1,457
- library and subscriptions regional offices		4,500			1,200	209
- professional subscriptions		10,000			5,000	6,752
Other expenditure		839,751	601,003	238,748	248,250	238,545
Loss on disposal of Non-Current assets		0	-	-	0	0
<b>C TOTAL OTHER COSTS</b>	<b>4,548</b>	<b>4,547,751</b>	<b>3,772,120</b>	<b>775,631</b>	<b>1,104,769</b>	<b>993,030</b>
<b>D PROVISIONS - UTILISED IN YEAR</b>	<b>8</b>	<b>8,154</b>	<b>8,154</b>	<b>0</b>	<b>2,039</b>	<b>2,082</b>
<b>E GROSS FISCAL DEL (A+B+C+D)</b>	<b>19,089</b>	<b>19,089,393</b>	<b>15,522,804</b>	<b>3,566,590</b>	<b>5,002,174</b>	<b>4,830,257</b>
Fee income	(16,189)	(16,189,394)	(16,189,394)	-	(3,733,221)	(3,993,100)
CFERSs allowable as operating income						
Other income						
<b>F TOTAL INCOME</b>	<b>(16,189)</b>	<b>(16,189,394)</b>	<b>(16,189,394)</b>	<b>0</b>	<b>(3,733,221)</b>	<b>(3,993,100)</b>
<b>G NET FISCAL DEL (E+F)</b>	<b>2,900</b>	<b>2,899,999</b>	<b>(666,590)</b>	<b>3,566,590</b>	<b>1,268,953</b>	<b>837,157</b>
Depreciation		1,063,000	861,030	201,970	267,000	419,499
Other non-cash						
<b>H TOTAL NON-CASH COSTS</b>	<b>1,063</b>	<b>1,063,000</b>	<b>861,030</b>	<b>201,970</b>	<b>267,000</b>	<b>419,499</b>
<b>I TOTAL RESOURCE DEL (G+H)</b>	<b>3,963</b>	<b>3,962,999</b>	<b>194,440</b>	<b>3,768,560</b>	<b>1,535,953</b>	<b>1,256,656</b>
<b>RESOURCE AME</b>						
Provision - increase/decrease						
Provisions - utilised in year	(8)	(8,154)	(8,154)	0	(2,039)	(2,082)
Diminution of Fixed and Intangible assets						
<b>J NET RESOURCE AME</b>	<b>(8)</b>	<b>(8,154)</b>	<b>(8,154)</b>	<b>0</b>	<b>(2,039)</b>	<b>(2,082)</b>
<b>CAPITAL DEL</b>						
Tangible additions						
Tangible disposals						
Intangible additions	850	850,000	688,500	161,500	210,000	16,397
Intangible disposals						
<b>K NET CAPITAL DEL</b>	<b>850</b>	<b>850,000</b>	<b>688,500</b>	<b>161,500</b>	<b>210,000</b>	<b>16,397</b>
<b>TOTAL CASH (G+K)</b>	<b>3,750</b>	<b>3,749,999</b>	<b>21,910</b>	<b>3,728,090</b>	<b>1,478,953</b>	<b>853,554</b>